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1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE EASTERN DISTRICT OF PENNSYLVANIA
3
4 - - -
4 CONSTELLATION : CIVIL ACTION
5 NEWENERGY, INC. :
6 v. :
7 POWERWEB TECHNOLOGIES, :
6 INC, A-VALEY :
8 ENGINEERS, INC., and :
7 LOTHAR E.S. BUDIKE, JR.: NO. 02-CV-2733 (HB)
8 - - -
9
9 JANUARY 13, 2004
10 VOLUME II
11 CONFIDENTIAL
10 - - -
11 Continuing videotape deposition of
12 LOTHAR E.S. BUDIKE, JR, held in the
13 offices of Wolf, Block, Schorr &
14 Solis-Cohen, 1650 Arch Street,
15 Philadelphia, Pennsylvania 19103,
16 commencing at 10:00 a.m., on the above
17 date, before Amanda Dee Maslynsky-Miller,
18 a Certified Realtime Reporter and Notary
19 Public in and for the Commonwealth of
20 Pennsylvania.
21
22 - - -
23 ESQUIRE DEPOSITION SERVICES
23 1880 John F. Kennedy Boulevard
24 15th Floor
24 Philadelphia, Pennsylvania 19103

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1 headache, especially after the deal --
2 you know, the deal, the way the situation
3 was right now.

4 Q. Did you, in fact, spend up
5 to \$100,000?

6 A. More than.

7 Go ahead.

8 Q. So the answer is, yes, you
9 spent more than \$100,000?

10 A. Yes.

11 Q. Is there any documentation
12 for what that was spent on?

13 A. Yes. I didn't spend it.
14 A-Valey spent the money.

15 Q. So you -- you subcontracted
16 all of the work --

17 A. All of the engineering work,
18 yes.

19 Q. So is the entire amount of
20 the \$100,000 was -- went to A-Valey?

21 A. The entire amount of the
22 \$100,000? No. A-Valey spent more than
23 \$100,000.

24 Q. But at least \$100,000 was

1 spend -- in other words, Power --
2 NewEnergy gives you \$100,000, sends you
3 \$100,000?

4 A. Right.

5 Q. Those actual dollars, all of
6 those dollars, at least, were used up by
7 A-Valey?

8 A. They were used up, yes.

9 Q. Well, I'm trying to figure
10 out whether Powerweb kept some of that,
11 you spent some of that or does it all go
12 to A-Valey?

13 A. No. There's still monies
14 outstanding to A-Valey on our books
15 today.

16 Q. Power -- so Powerweb --

17 A. Has not paid the full bill
18 to A-Valey.

19 Q. Okay. Powerweb, though,
20 didn't keep any of the \$100,000 for its
21 own activity?

22 A. No. No. It was all
23 dedicated to this project.

24 Q. So if I wanted to get the

1 dollars?

2 MR. LANDAU: No, I didn't
3 ask that question. I just asked
4 if there's \$100,000.

5 BY MR. LANDAU:

6 Q. And the question is -- the
7 next question is, how does that -- if you
8 can recall or if you know, how does that
9 \$100,000 appear on the books and records
10 of your company?

11 A. As an outstanding bill to
12 A-Valey Engineers for engineering
13 services on this project.

14 Q. And the income or assets --

15 A. It's on my P&Ls, yes.

16 Q. As an asset on the P&Ls?

17 A. No. It's an asset on my
18 books and it's a deduction on my books as
19 well as an accounts payable to A-Valey.
20 Yes.

21 Q. Right. It's both.

22 Do you recall having any
23 discussion in this period, February 2000,
24 March 2000, with Dave McGeown about